

BUDGET SECTION SUMMARY

Section Title:

SONOMA VALLEY COUNTY SANITATION DISTRICT

A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Sonoma Valley County Sanitation District (Sonoma Valley CSD). The District includes the City of Sonoma, as well as the communities of Boyes Hot Springs, Agua Caliente, El Verano and Glen Ellen. The Sonoma Developmental Center is outside the District, but is served by an agreement.

B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 07-08 Adopted	FY 08-09 Requested	Percent Change	FY 07-08 Adopted	FY 08-09 Requested	Percent Change
Operations	\$14,869,456	\$14,729,957	(0.94%)	\$3,633,915	\$3,656,731	0.63%
Construction	8,817,500	3,556,000	(59.67%)	(1,454,331)	1,421,000	(197.71%)
Outfall Line	9,542	8,458	(11.36%)	(40,168)	(41,253)	2.70%
Glen Ellen Bonds	6,252	5,702	(8.80%)	(12,036)	(12,548)	4.25%
1998 Rev Bonds	725,059	703,270	(3.01%)	(689,000)	(700,400)	1.65%
SRF Loan Reserve	0	0	N/A	(36,646)	(35,264)	(3.77%)
SRF Loan	7,170,054	160,928	(97.76%)	6,723,355	(279,464)	(104.16%)
TOTAL:	\$31,597,863	\$19,164,315	(39.35%)	\$8,125,089	\$4,008,802	(50.66%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 06-07 Actual	FY 07-08 Budget Estimate	FY 07-08 Revised Estimate	FY 08-09 Projected	Change from FY 07-08 Budget Estimate
TOTAL ESDs	17,194	17,365	17,242	17,290	(0.43%)
TOTAL APNs	11,390	11,503	11,437	11,437	(0.57%)

E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 08-09 annual service charges is \$618, representing a 7.0% increase from FY 07-08. Annual sewer service charge revenue collected on the tax roll (adjusted for the anticipated number of ESDs and an estimated delinquency factor) is projected to be higher than the FY 07-08 budget. This revenue change is due to the fact that the annual service charges were increased for FY 08-09.

The Sonoma Valley CSD provides sewage collection, treatment, and disposal service to the Sonoma Valley area. Wastewater is collected primarily by a gravity system and flows to the Sonoma Valley CSD's wastewater treatment plant for processing. Recycled water is used to irrigate local crops during the summer and is discharged to San Pablo Bay via Schell Slough during the winter. The Sonoma Valley CSD's treatment plant is permitted to treat an average daily dry weather flow of up to 3.0 million gallons per day to secondary wastewater treatment standards. Waste Discharge Requirements, Order No. R2-2002-0046 (NPDES Permit No. CA0037800), was issued on March 20, 2002 by the California Regional Water Quality Control Board, San Francisco Bay Region (SFBRWQCB) for Sonoma Valley CSD's treatment plant.

In the past, the Sonoma Valley treatment plant experienced numerous operational difficulties due to high wet weather inflows, worn out and obsolete equipment, and insufficient storage and disposal capacity in the reclamation system. Because of significant capital improvements and operational changes, the District had a significant reduction in violations over the last several years.

Most of the District's collection system is several decades old. A 1994 study of the collection system showed that approximately 10 of the 120 miles of Sonoma Valley CSD's pipeline needs to be repaired or replaced due to deterioration or insufficient capacity. The Sonoma Valley CSD completed a wet weather overflow prevention study, which was in response to a Notice of Violation issued by the SFBRWQCB regarding sewer system overflows on April of 1999. The study identified areas within the Sonoma Valley CSD's collection system where repair and/or replacement projects are the most needed. A program to replace the District's collection system over a period of several decades is needed to ensure the reliability and safety of this infrastructure. It is estimated that this program could require on the order of \$2,000,000 per year to implement. The District is monitoring activities aimed at developing state and federal infrastructure replacement funding for systems such as Sonoma Valley CSD. Additionally, the District has been and will continue to increase rates over and above the rate of inflation to generate funds for replacing the collection system.

The requested rates should provide the funds necessary to operate and maintain the Sonoma Valley CSD's collection system, treatment plant, and reclamation system. As indicated above, the District has been increasing rates to generate funds needed for the replacement of aging infrastructure.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2008-09 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - OPERATIONS

Section/Index No: 653105

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
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REVENUES:

TAXES

1001 Flat Charges - CY	\$9,635,491	\$9,071,844	(\$563,647)	(5.85%)
1061 Flat Charges - PY	125,000	125,000	0	0.00%
1120 Penalties / Costs on Taxes	21,000	21,000	0	0.00%

Subtotal Taxes	\$9,781,491	\$9,217,844	(\$563,647)	(5.76%)
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USE OF MONEY

1700 Interest on Pooled Cash	\$94,050	\$60,000	(\$34,050)	(36.20%)
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Subtotal Use of Money	\$94,050	\$60,000	(\$34,050)	(36.20%)
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CHARGES FOR SERVICES

3400 Sanitation Services	\$750,000	\$1,235,382	\$485,382	64.72%
3403 Industrial Users Mon/Dischg	10,000	10,000	0	0.00%
3404 Septic Charges	100,000	100,000	0	0.00%

Subtotal Charges for Services	\$860,000	\$1,345,382	\$485,382	56.44%
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MISCELLANEOUS REVENUE

4099 Conservation Program	\$500,000	\$450,000	(\$50,000)	(10.00%)
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Subtotal Miscellaneous Revenue	\$500,000	\$450,000	(\$50,000)	(10.00%)
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ADMINISTRATIVE CONTROL ACCOUNT

4210 Advances	\$0	\$668,466	\$668,466	N/A
4219 Advances - Clearing	0	(668,466)	(668,466)	N/A

Subtotal Admin. Control Account	\$0	\$0	\$0	N/A
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TOTAL REVENUES	\$11,235,541	\$11,073,226	(\$162,315)	(1.44%)
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EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$15,000	\$15,000	\$0	0.00%
6140 Maintenance - Equipment	200,000	200,000	0	0.00%
6180 Maintenance - Bldgs / Impr	250,000	300,000	50,000	20.00%
6262 Lab Supplies	25,000	25,000	0	0.00%
6512 Testing-Analysis	110,000	80,000	(30,000)	(27.27%)
6521 County Services	49,710	60,000	10,290	20.70%
6522 District Services	450,000	400,000	(50,000)	(11.11%)
6523 District Operations	3,507,500	4,287,000	779,500	22.22%

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
<u>SERVICES AND SUPPLIES(cont'd)</u>				
6570 Consultant Services	355,000	307,000	(48,000)	(13.52%)
6573 Administration Costs	67,500	75,000	7,500	11.11%
6610 Legal Services	20,000	20,000	0	0.00%
6616 Change of Venue	57,071	0	(57,071)	(100.00%)
6629 Fiscal Accounting Services	90,000	100,000	10,000	11.11%
6630 Audit / Accounting Services	25,000	25,000	0	0.00%
7201 Gas/Oil	13,000	10,000	(3,000)	(23.08%)
7206 Equipment Usage Charge	290,000	450,000	160,000	55.17%
7212 Chemicals	425,000	550,000	125,000	29.41%
7217 State Permits / Fees	25,000	25,000	0	0.00%
7247 Water Conservation	763,000	450,000	(313,000)	(41.02%)
7250 Reimbursable Projects	30,000	30,000	0	0.00%
7320 Utilities	450,000	250,000	(200,000)	(44.44%)
<i>Subtotal Services and Supplies</i>	\$7,217,781	\$7,659,000	\$441,219	6.11%
<u>OTHER CHARGES</u>				
7920 Interest	\$173,223	\$0	(\$173,223)	(100.00%)
7980 Depreciation	2,552,000	3,252,600	700,600	27.45%
<i>Subtotal Other Charges</i>	\$2,725,223	\$3,252,600	\$527,377	19.35%
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$4,726,452	\$3,618,357	(\$1,108,095)	(23.44%)
<i>Subtotal Other Financing Uses</i>	\$4,726,452	\$3,618,357	(\$1,108,095)	(23.44%)
<u>APPROPRIATIONS FOR CONT</u>				
9000 Approp for Contingencies	\$200,000	\$200,000	\$0	0.00%
<i>Subtotal Approp for Contingencies</i>	\$200,000	\$200,000	\$0	0.00%
TOTAL EXPENDITURES				
	\$14,869,456	\$14,729,957	(\$139,499)	(0.94%)
TOTAL NET COST				
<i>(Expenditures Minus Revenues)</i>	\$3,633,915	\$3,656,731	\$22,816	0.63%

FY 2008-09 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Operations

Character Title: Taxes

Character No.: 653105-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to decrease from the adopted FY 07-08 budget. The rate will increase 7.0%, from \$578 to \$618.

ESDs times annual rate:	15,291 x \$618	\$9,449,838
Less Estimated Delinquency Factor:	4%	<u>(377,994)</u>
		\$9,071,844

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 653105-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$1,500,000
Projected Interest Rate	<u>4.00%</u>
Projected Interest on Pooled Cash	\$60,000

Character Title: Charges for Services

Character No.: 653105-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

$$\text{ESDs x Annual Charge} \quad 1,999 \times \$618 \quad = \quad \$1,235,382$$

3403 Industrial Users Monitoring/Discharge

This account records revenue associated with the Industrial Users Monitoring Program or revenue received from any industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. The budgeted amount is expected to offset monitoring expenses anticipated to be incurred primarily by the Agency's Environmental Compliance Inspector (see Sub-object 7250, Reimbursable Projects).

3404 Septic Disposal Fee

This account records the revenue to the district for septic haulers using the treatment plant facilities to dispose of septic waste.

Character Title: Miscellaneous Revenue

Character No.: 653105-40

4099 Conservation Program

This account records \$1,500 of each connection fee to support the water conservation program per Ordinance 59 dated 8/8/2002.

Character Title: Administrative Control Account

Character No.: 653105-42

4210 Advances

This account records the proceeds from the ISF-Power Resources Fund to purchase the photovoltaic asset. The total asset value as of 6/30/08 is \$8,021,593 which will be paid over 12 years.

4219 Advances - Clearing

This is the clearing account for sub-object 4210.

Character Title: Services and Supplies

Character No.: 653105-60

6040 Communications

This account records expenses paid by the District for outside communication and wireless services.

6140 Maintenance - Equipment

This account records the cost of materials for routine maintenance of equipment.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

6262 Lab Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6512 Testing and Analysis

This account records expenses incurred to comply with all regulatory testing requirements.

6521 County Services

This item records the expense of agenda services for FY 08-09. Based on FY 07-08 charges this service has increased.

6522 District Services

This account records the service and supply type items associated with operations and maintenance of the District's facilities.

6523 District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the District's facilities, as well as staff costs associated with supporting the San Francisco Bay Integrated Regional Water Management Plan and Recycled Water Project.

6570 Consultant Services

This account records the costs of services provided by outside consultants including \$25,000 for the San Francisco Bay Integrated Regional Water Management Plan, \$50,000 for the Economic Development Board for the Water Conservation Program, \$15,000 for North Bay Watershed Association dues, \$25,000 for ZSI PJ 7231-05, \$30,000 for the Ground Water Management Plan PJ 4087-02, \$8,000 for the ARC Flash Study PJ 7176-07, and North Bay Reuse Authority \$154,000.

6573 Administration Costs

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item covers the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6629 Fiscal Accounting Services

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to District's accounting.

6630 Audit / Accounting Services

This account represents the cost of accounting and audit services provided by an outside certified public accounting service.

7201 Gas/Oil

This item include the costs of gas, diesel and oil.

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant in accordance with the District's NPDES permit (as required by the State Water Quality Control Board).

7217 State Permits / Fees

This account records the cost of obtaining the District's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7247 Water Conservation Program

This account reflects \$70,000 for the Toilet Rebate Program and \$380,000 to retrofit the Sonoma Developmental Center Facilities to reduce the amount of wastewater discharged to the Sonoma Valley Treatment Plant. This program is funded by revenue generated by the \$1,500 connection fee noted above under sub-object 4099.

7250 Reimbursable Projects

This account records any expenses that are expected to be covered by reimbursement. The budget request is based on projected expenses associated with the Environmental Compliance Inspector and the program for monitoring industrial users.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity and water.

7920 Interest

This account reflects the interest expense for the State Revolving Loan for the Tertiary Treatment Plant Upgrades. The interest payment is being budgeted in Sonoma Valley SRF Loan Fund.

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title:**Other Financing Uses****Character No.:****653105-86****8625 OT - W/in Special Dist - BOS**

This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund, the 1998 Revenue Bond Fund, SRF Loan and SRF Loan Reserve funds to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Transfer to:

Outfall Line Fund	\$ 49,711
1998 Revenue Bond Fund	1,393,270
SRF Loan	440,392
SRF Loan Reserve	34,984
Construction Fund	1,700,000
Total Operating Transfer	<u>\$ 3,618,357</u>

Character Title:**Appropriations for Contingencies****Character No.:****653105-90****9000 Appropriations for Contingencies**

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2008-09 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sonoma Valley CSD - Operations

Index No.: 653105

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$2,599,551	\$2,155,216	\$1,449,205
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	9,478,702	10,576,220	11,073,226
Expenditures - (Decrease) retained earnings	(11,877,162)	(14,395,964)	(14,729,957)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(2,398,460)	(3,819,744)	(3,656,731)
Adjustments to Reserves/Encumbrances:			
7980 Depreciation	2,201,735	2,688,704	3,252,600
Net Change in Encumbrance	(201,083)	425,029	-
Change in Water Conservation Reserve	24,893	-	-
Advances-ISF Power Resources Fund	-	-	668,466
Post Audit Adjustment-Prepaid Expense	(81,877)	-	-
Post Audit Adjustment-Receivables	67,528	-	-
Post Audit Adjustment-Payables	(57,071)	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	1,954,125	3,113,733	3,921,066
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$2,155,216	\$1,449,205	\$1,713,540
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	(\$444,335)	(\$706,011)	\$264,335
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/06</u>	<u>7/1/07</u>	
Cash	\$4,493,222	\$4,282,255	
Other Receivables-Flat Charges	472,702	431,156	
Prepaid Expense	206,937	125,060	
Accounts Payable	(283,905)	(217,660)	
Water Conservation Reserve	(2,065,459)	(2,040,566)	
Encumbrances (PO)	(6,576)	(26,294)	
Encumbrances (Contract)	(217,370)	(398,735)	
Total Beginning Retained Earnings	\$2,599,551	\$2,155,216	

FY 2008-09 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - CONSTRUCTION

Section/Index No: 653303

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$475,000	\$60,000	(\$415,000)	(87.37%)
Subtotal Use of Money	\$475,000	\$60,000	(\$415,000)	(87.37%)

MISCELLANEOUS REVENUE

4102 Donations/Reimbursements	\$0	\$0	\$0	N/A
4303 State Grants	0	375,000	375,000	N/A
Subtotal Miscellaneous Revenue	\$0	375,000	\$375,000	N/A

ADMINISTRATIVE CONTROL ACCOUNT

4200 ENT - LTD Proceeds	\$6,996,831	\$0	(6,996,831)	(100.00%)
4209 ENT - LTD Proceeds - Clearing	(6,996,831)	0	6,996,831	(100.00%)
Subtotal Admin. Control Account	\$0	\$0	\$0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$9,796,831	\$1,700,000	(\$8,096,831)	(82.65%)
Subtotal Other Financing Sources	\$9,796,831	\$1,700,000	(\$8,096,831)	(82.65%)

TOTAL REVENUES	\$10,271,831	\$2,135,000	(\$8,136,831)	(79.22%)
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EXPENDITURES:

FIXED ASSETS

8510 Building / Improvement	\$4,924,500	\$3,195,000	(\$1,729,500)	(35.12%)
9142 Capital Replacement Program	3,893,000	361,000	(3,532,000)	(90.73%)
Subtotal Fixed Assets	\$8,817,500	\$3,556,000	(\$5,261,500)	(59.67%)

TOTAL EXPENDITURES	\$8,817,500	\$3,556,000	(\$5,261,500)	(59.67%)
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TOTAL NET COST	(\$1,454,331)	\$1,421,000	\$2,875,331	(197.71%)
<i>(Expenditures Minus Revenues)</i>				

FY 2008-09 BUDGET CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Construction

Character Title: Use of Money

Character No.: 653303-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$1,500,000
Projected Interest Rate	<u>4.00%</u>
Projected/Planned Interest on Pooled Cash	\$60,000

Character Title: Miscellaneous Revenue

Character No.: 653303-40

4303 State Grants

This account will records the anticipated receipt of the Prop 50 State Grant to begin design of the Agency's portion of the Napa-Sonoma Salt Marsh Project.

Character Title: Other Financing Sources

Character No.: 653303-46

4625 OT - w/in Special Dist - BOS

This account reflects the transfer from the Operations Fund (\$1,700,000) to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Fixed Assets

Character No.: 653303-85

8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

The following projects are planned for the forthcoming year:

Building/Improvements	PCAS No.	Amount
<u>Recycled Water Project</u>	3761	\$100,000

This project will construct an underground pipeline distribution system throughout portions of the southern Sonoma Valley to provide recycled water for agricultural and urban irrigation uses. The current budget item will fund costs associated with design and permit compliance.

8510 Buildings / Improvements (Continued)

Building/Improvements	PCAS No.	Amount
<u>Reservoir R-3 Re-Lining</u>	TBD	770,000
Funding will be used to design the replacement of the impermeable lining of Reservoir R-3.		
<u>North San Pablo Bay Project</u>	TBD	225,000
Funding will be used for project management and coordination with other Agencies.		
<u>Upland Ponds Rehabilitation</u>	TBD	1,100,000
This project is for rehabilitation of upland ponds required as mitigation for reclamation project.		
<u>Underground Fuel Tank Replacement</u>	7146	700,000
This project will remove the existing diesel underground storage tank and replace it with a new above-ground tank.		
<u>Wind Energy</u>	TBD	50,000
Funding will be used to investigate the feasibility of installing wind generated renewable energy		
<u>Napa/Sonoma Salt Marsh</u>	TBD	50,000
Funding will be used to begin design of this project.		
<u>Bio-Solids Handling Facility</u>	4051	<u>200,000</u>
Funding will be used to design improvements to the Bio-Solids handling facility.		

Subtotal for Buildings / Improvements (Sub-object 8510) \$ 3,195,000

9142 Capital Replacement Program

The funding requested in this account is for repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

<u>Main Sewer Trunk Repair</u>	7067	\$ 261,000
This project will replace portions of the existing trunk main. The current budget item will fund contract administration for the portion of the main between Leveroni and East Watmaugh Road and design and construction costs for the portion between East Watmaugh Road and the treatment plant.		
<u>MH90-3 to MS 136-5 Main Replacement</u>	TBD	<u>\$ 100,000</u>
Funding will be used to design this portion of the trunk main replacement project.		

Subtotal for Capital Replacement Program (Sub-object 9142) \$ 361,000

Grand Total - Character 85 \$ 3,556,000

FY 2008-09 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department Sonoma County Water Agency - Sanitation

Section: Sonoma Valley CSD - Construction

Index No.: 653303

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$10,432,475	(\$3,132,091)	\$1,443,975
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	2,609,863	9,097,395	2,135,000
Expenditures - (Decrease) retained earnings	(10,347,956)	(10,081,448)	(3,556,000)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	(7,738,093)	(984,053)	(1,421,000)
Adjustments to Reserves/Encumbrances:			
4200 Ent-LTD Proceeds	-	-	-
Capitalized Interest	(407,347)	-	-
Change in Encumbrances	(5,419,131)	5,560,119	-
Net Adjustment - Increase/(Decrease) to Fund Balance	(5,826,478)	5,560,119	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$3,132,091)	\$1,443,975	\$22,975
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	(\$13,564,566)	\$4,576,066	(\$1,421,000)
<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/06</u>	<u>7/1/07</u>	
Cash	\$10,644,558	\$4,418,056	
Other Receivables	-	-	
Due to Other Governments	37,500	-	
Accounts Payable	(108,595)	(1,503,202)	
Contract Retention Payable	-	(486,826)	
Encumbrances (PO)	-	-	
Encumbrances (Contract)	(140,988)	(5,560,119)	
Total Beginning Retained Earnings	\$10,432,475	(\$3,132,091)	

FY 2008-09 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - OUTFALL LINE
Section/Index No: 653337

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$0	\$0	\$0	N/A
Subtotal Use of Money	\$0	\$0	\$0	N/A

OTHER FINANCING SOURCES

4625 OT - W/in Special District - BOS	\$49,710	\$49,711	\$1	0.00%
Subtotal Other Financing Sources	\$49,710	\$49,711	\$1	0.00%

TOTAL REVENUES	\$49,710	\$49,711	\$1	0.00%
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EXPENDITURES:

OTHER CHARGES

7930 Interest - LT Debt	\$9,542	\$8,458	(\$1,084)	(11.36%)
Subtotal Other Charges	\$9,542	\$8,458	(\$1,084)	(11.36%)

ADMINISTRATIVE CONTROL ACCOUNT

9210 Advances	\$40,168	\$41,253	\$1,085	2.70%
9219 Advances - Clearing	(40,168)	(41,253)	(1,085)	2.70%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$9,542	\$8,458	(\$1,084)	(11.36%)
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TOTAL NET COST	(\$40,168)	(\$41,253)	(\$1,085)	2.70%
<i>(Expenditures Minus Revenues)</i>				

FY 2008-09 BUDGET CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Outfall Line

Character Title: Use of Money

Character No.: 653337-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. No significant cash balance is maintained in this fund. Cash transfers are made from the Operations Fund to this fund only as necessary to make annual payments due on the long term loan from the State. Accordingly, we do not recommend budgeting any interest revenue during the forthcoming year.

Character Title: Other Financing Sources

Character No.: 653337-46

4625 OT - W/in Special Dist - BOS

The revenues supporting the payments on the long term loan from the State Revolving Fund are collected in the Operations Fund. This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund to cover the annual principal and interest payment.

Character Title: Other Charges

Character No.: 653337-75

7930 Interest on LT Debt

This account reflects the interest expense on the outstanding loan from the State Revolving Fund. Payments began on this loan in July 1995 and will continue annually until July 2014. The FY 08-09 request is based on the repayment schedule prepared by the State.

Character Title: Administrative Control Account

Character No.: 653337-92

9210 Advances

This account reflects the principal payments on a long term (20 year) loan issued to the District in 1994 from the State Revolving Fund. Payments on the loan will continue until July 2014. The FY 08-09 request is based on the repayment schedule prepared by the State.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$760,992
Total FY 95-96 through FY 06-07 Principal Payments:	(407,586)
FY 07-08 Principal Payment:	(40,168)
	<hr/>
Outstanding Loan Amount	\$313,238

9219 Advances - Clearing

This is the clearing account for sub-object 9210, Advances.

FY 2008-09 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - Outfall Line
Index No.: 653337

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	(\$28,783)	(\$28,514)	(\$30,055)
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	49,978	49,254	49,711
Expenditures - (Decrease) retained earnings	(9,542)	(9,542)	(8,458)
Net Surplus or Deficit - Increase/(Dec) to retained earnings	<u>40,436</u>	<u>39,712</u>	<u>41,253</u>
Adjustments to Reserves/Encumbrances:			
9210 Advances	(39,112)	(40,168)	(41,253)
Change in Due to Other Governments	(1,056)	(1,085)	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(40,168)</u>	<u>(41,253)</u>	<u>(41,253)</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	(\$28,514)	(\$30,055)	(\$30,055)
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$269	(\$1,541)	\$0

<u>Retained Earnings Components at Beginning of FY</u>	<u>7/1/06</u>	<u>7/1/07</u>
Cash	20,927	21,196
Due to Other Governments	(39,112)	(40,168)
Interest Payable	(10,598)	(9,542)
Total Beginning Retained Earnings	(\$28,783)	(\$28,514)

FY 2008-09 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY - GLEN ELLEN BONDS

Section/Index No: 653345

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
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REVENUES:

TAXES

1000 Prop Taxes - CY Secured	\$17,500	\$17,500	\$0	0.00%
1020 Prop Taxes - CY Supplemental	150	150	0	0.00%
1040 Prop Taxes - CY Unsecured	400	400	0	0.00%
Subtotal Taxes	\$18,050	\$18,050	\$0	0.00%

USE OF MONEY

1700 Interest on Pooled Cash	\$238	\$200	(\$38)	(15.97%)
Subtotal Use of Money	\$238	\$200	(\$38)	(15.97%)

TOTAL REVENUES	\$18,288	\$18,250	(\$38)	(0.21%)
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EXPENDITURES:

SERVICES AND SUPPLIES

6635 Fiscal Agent Fees	\$52	\$52	\$0	0.00%
Subtotal Services and Supplies	\$52	\$52	\$0	0.00%

OTHER CHARGES

7920 Interest	\$6,200	\$5,650	(\$550)	(8.87%)
Subtotal Other Charges	\$6,200	\$5,650	(\$550)	(8.87%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$11,000	\$12,000	\$1,000	9.09%
9209 Ent - Principal Clearing	(11,000)	(12,000)	(1,000)	9.09%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$6,252	\$5,702	(\$550)	(8.80%)
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TOTAL NET COST	(\$12,036)	(\$12,548)	(\$512)	4.25%
<i>(Expenditures Minus Revenues)</i>				

FY 2008-09 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley - Glen Ellen Bonds

Character Title: Taxes

Character No.: 653345-10

1000 Prop Taxes - CY Secured

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

1020 Prop Taxes - CY Supplemental

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

1040 Prop Taxes - CY Unsecured

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

Note:

The FY 08-09 bond payment amount (principal and interest) is \$17,650. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained for this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

Character Title: Use of Money

Character No.: 653345-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for this Bond Fund by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$5,000
Projected Interest Rate	4.00%
Projected/Planned Interest on Pooled Cash	\$200

Character: Services and Supplies

Character No.: 653345-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

Character: Other Charges

Character No.: 653345-75

7920 Interest

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5%. Payments began January 1, 1977 and will continue semi-annually until July 1, 2016. The FY 08-09 request is based on the bond amortization schedule prepared at the time the bonds were sold.

9200 Ent - Principal

This account reflects the principal expense for general obligation bonds that were issued in 1976 to finance the local share of a wastewater collection system. Payments on the bonds will continue until September 1, 2016. FY 08-09 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the General Obligation Bond Issue:	\$300,000
Total FY 77-78 through FY 06-07 Principal Payments:	(165,000)
FY 07-08 Principal Payment:	(11,000)
Outstanding Bond Amount	<u>\$124,000</u>

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2008-09 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sonoma Valley - Glen Ellen Bonds

Section: 653345

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$5,286	\$5,263	\$7,187
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	17,777	19,176	18,250
Expenditures - (Decrease) retained earnings	(6,800)	(6,252)	(5,702)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	10,977	12,924	12,548
Adjustments to Reserves/Encumbrances:			
9200 - Enterprise Principal	(\$11,000)	(11,000)	(12,000)
Net Adjustment - Increase/(Decrease) to Retained Earnings	(11,000)	(11,000)	(12,000)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$5,263	\$7,187	\$7,735
Total Increase/(Decrease) in Retained Earnings for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$23)	\$1,924	\$548

Retained Earnings Components at Beginning of FY

Cash

Total Beginning Fund Balance

7/1/06	7/1/07
\$5,286	\$5,263
\$5,286	\$5,263

FY 2008-09 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - 1998 REVENUE BONDS

Section/Index No: 653352

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$19,000	\$10,400	(\$8,600)	(45.26%)
1701 Interest Earned	0	0	0	N/A

Subtotal Use of Money	\$19,000	\$10,400	(\$8,600)	(45.26%)
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Other Financing Sources

4625 OT - W/in Special Dist - BOS	\$1,395,059	\$1,393,270	(\$1,789)	(0.13%)
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Subtotal Other Financing Sources	\$1,395,059	\$1,393,270	(\$1,789)	(0.13%)
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TOTAL REVENUES	\$1,414,059	\$1,403,670	(\$10,389)	(0.73%)
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EXPENDITURES:

SERVICES AND SUPPLIES

6635 Fiscal Agent Fees	\$11,000	\$8,000	(\$3,000)	(27.27%)
6640 Debt Issuance Costs	19,884	19,884	0	0.00%

Subtotal Services and Supplies	\$30,884	\$27,884	(\$3,000)	(9.71%)
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OTHER CHARGES

7920 Interest	\$683,258	\$664,386	(\$18,872)	(2.76%)
7923 Discount/Bonds	10,917	11,000	83	0.76%

Subtotal Other Charges	\$694,175	\$675,386	(\$18,789)	(2.71%)
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OTHER FINANCING USES

8625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
Subtotal Other Financing Uses	\$0	\$0	\$0	N/A

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$670,000	\$690,000	\$20,000	2.99%
9209 Ent - Principal Clearing	(670,000)	(690,000)	(20,000)	2.99%

Subtotal Administrative Control	\$0	\$0	\$0	N/A
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TOTAL EXPENDITURES	\$725,059	\$703,270	(\$21,789)	(3.01%)
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TOTAL NET COST	(\$689,000)	(\$700,400)	(\$11,400)	1.65%
<i>(Expenditures Minus Revenues)</i>				

FY 2008-09 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - 1998 Revenue Bonds

Character Title: Use of Money

Character No.: 653352-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$260,000
Projected Interest Rate	<u>4.00%</u>
Projected/Planned Interest on Pooled Cash	\$10,400

1701 Interest Earned

Proceeds from the 1998 Revenue Bonds are held by US Bank acting as trustee. Interest earnings on the proceeds are retained by the trustee and a corresponding adjustment is made at year end closing to recognize the earnings within this account. There is no projected interest for FY 08-09.

Character Title: Other Financing Sources

Character No.: 653352-46

4625 OT - W/in Special Dist - BOS

The revenues supporting this new revenue bond will be collected in the Operations Fund. This account will be used to reflect the transfer of cash from the Operations Fund to this Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Services and Supplies

Character No.: 653352-60

6635 Fiscal Agent Fees

This account records the annual administrative fees from the trustee for the 1998 and 2005 Revenue Bonds.

6640 Debt Issuance Costs

This account records the costs associated with the issuance of the 1998 and 2005 Revenue Bonds. This is an annual expense that will be recognized throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Charges

Character No.: 653352-75

7920 Interest

This account reflects the interest expense on the non-refunded portion of Sonoma Valley 1998 Revenue Bonds at 4.75% and 2005 refunding is serial bonds with interest rates ranging from 4.6% to 5.0%

7923 Discount/Bonds

This account records the discount realized upon the issuance of the bonds. This will be an annual expense throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

8625 OT - Within Sp Dist - BOS

This account reflects the transfer of funds to the Construction Fund to finance Capital Replacement Projects.
No transfer will be made for FY 08-09.

9200 Ent - Principal

This account reflects the principal expense for revenue bonds issued in FY 98-99 and partial refunding in FY 05-06 to finance the Sonoma Valley CSD's planned capital program. Payments began in 1999 and will continue as interest only from February 2006 until 2019 when principle payment will resume and continue to maturity in 2023. Principal payments on the 1998 non-refunded portion will resume in 2019 when the 2005 issue has been paid off.

Original 1998 Bond Issue	\$21,410,000
FY 05-06 Principal Payments:	<u>(3,855,000)</u>
Outstanding Loan Amount	17,555,000
2005 Portion Refunded	<u>(11,095,000)</u>
Outstanding Balance	\$6,460,000
2005 Refunding Issue	\$10,240,000
FY 06-07 Principal Payments:	<u>(625,000)</u>
FY 07-08 Principal Payments:	<u>(670,000)</u>
Outstanding Loan Amount	\$8,945,000

Principal payments begin October 2006 and will continue until maturity in October 2018.

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

ie District by the County Treasurer's office. Estimated interest rate trends.

IS Bank acting as trustee. Interest earnings on the proceeds tment is made at year end closing to recognize the earnings ' 08-09.

collected in the Operations Fund. This account will be used to this Revenue Bond Fund to cover the annual principal and

ince of the 1998 and 2005 Revenue Bonds. This is an annual of the bonds. Although this is a non-cash transaction,

efunded portion of Sonoma Valley 1998 Revenue Bonds at ites ranging from 4.6% to 5.0%

issuance of the bonds. This will be an annual expense n-cash transaction, appropriations are required to record the

bonds issued in FY 98-99 and partial refunding in FY 05-06 to
ram. Payments began in 1999 and will continue as interest
ent will resume and continue to maturity in 2023.
will resume in 2019 when the 2005 issue has been paid off.

FY 2008-09 BUDGET
STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley CSD - 1998 Revenue Bonds
Index No.: 653352

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$316,456	\$384,961	\$491,943
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,380,088	1,419,389	1,403,670
Expenditures - (Decrease) retained earnings	(\$724,232)	(725,059)	(703,270)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	<u>655,856</u>	<u>694,330</u>	<u>700,400</u>
Adjustments to Reserves/Encumbrances:			
9200 Enterprise - Principal	(625,000)	(670,000)	(690,000)
Debt Issuance Costs	-	-	-
Amortization of Debt Issuance Costs	19,883	19,883	19,884
Amortization of Debt Refunding	51,852	51,852	51,852
Discount on Revenue Bonds Payable	10,917	10,917	10,917
Change in Matured Bonds Payable	<u>(45,000)</u>	<u>-</u>	<u>-</u>
Net Adjustment - Increase/(Decrease) to Retained Earnings	<u>(587,348)</u>	<u>(587,348)</u>	<u>(607,347)</u>
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$384,961	\$491,943	\$584,996
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$68,505	\$106,982	\$93,053
<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/06</u>	<u>7/1/07</u>	
Cash	\$1,150,390	\$1,261,621	
Cash with Trustee	19,058	17,269	
Cash with Trustee Res for Debt Service	(12,633)	(12,633)	
Matured Principal Payable	(625,000)	(670,000)	
Interest Payable	(215,359)	(211,296)	
Total Beginning Fund Balance	\$316,456	\$384,961	

FY 2008-09 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY - SRF LOAN RESERVE

Section/Index No: 653428

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$1,662	\$280	(\$1,382)	(83.15%)
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Subtotal Use of Money	\$1,662	\$280	(\$1,382)	(83.15%)
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Other Financing Sources

4625 OT - W/in Special Dist - BOS	\$34,984	\$34,984	\$0	0.00%
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Subtotal Other Financing Sources	\$34,984	\$34,984	\$0	0.00%
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TOTAL REVENUES	\$36,646	\$35,264	(\$1,382)	(3.77%)
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TOTAL NET COST	(\$36,646)	(\$35,264)	\$1,382	(3.77%)
<i>(Expenditures Minus Revenues)</i>				

FY 2008-09 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley - SRF Loan Reserve

Character Title: Use of Money

Character No.: 653428-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$7,000
Projected Interest Rate	<u>4.00%</u>
Projected/Planned Interest on Pooled Cash	\$280

Character Title: Other Financing Sources

Character No.: 652428-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Reserve Fund to finance the Capital Replacement Program. The amount added to the Capital Reserve Fund each year is \$34,984 (.5% of the final loan amount of approximately \$6,996,831). This transfer will occur each year during the first 10 years of the loan. Interest earned on the Reserve Fund shall remain in the fund. The schedule for transfers to the Reserve Fund is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Balance</u>
07-08	34,984	34,984
08-09	34,984	69,968
09-10	34,984	104,952
10-11	34,984	139,936
11-12	34,984	174,920
12-13	34,984	209,904
13-14	34,984	244,888
14-15	34,984	279,872
15-16	34,984	314,856
16-17	34,984	349,840

Funds held in the Reserve Fund may be used for capital improvements. If used, the District must replace the expended funds at a rate of 10 percent per year. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will be limited to the amount required for the Wastewater Capital Reserve Fund. Any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

NOTE; In order to comply with the State Revolving Fund loan requirements, the ending fund balance of the SVCSD SRF Loan Reserve Fund shall not fall below the required balance in any given year during the 20 year term of the loan.

FY 2008-09 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sonoma Valley - SRF Loan Reserve
Index No.: 653428

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$0	\$0	\$34,984
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	-	34,984	35,264
Expenditures - (Decrease) retained earnings	-	-	-
Net Surplus or Deficit - Inc/(Dec) to retained earnings	-	34,984	35,264
Adjustments to Reserves/Encumbrances:	-	-	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	-	-	-
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$0	\$34,984	\$70,248
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$0	\$34,984	\$35,264

<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/06</u>	<u>7/1/07</u>
Cash	\$0	\$0
Total Beginning Fund Balance	\$0	\$0

FY 2008-09 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SONOMA VALLEY CSD - SRF LOAN

Section/Index No: 653410

Sub-Object No. and Title	Adopted 2007-08	Requested 2008-09	Difference	Percent Change
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REVENUES:

ADMINISTRATIVE CONTROL

4200 ENT - LTD Proceeds	\$6,996,831	\$0	(\$6,996,831)	(100.00%)
4209 ENT - LTD Proceeds - Clearing	(6,996,831)	0	6,996,831	(100.00%)
Subtotal Administrative Control	\$0	\$0	\$0	N/A

Other Financing Sources

4625 OT - W/in Special Dist - BOS	\$446,699	\$440,392	(\$6,307)	(1.41%)
Subtotal Other Financing Sources	\$446,699	\$440,392	(\$6,307)	(1.41%)

TOTAL REVENUES	\$446,699	\$440,392	(\$6,307)	(1.41%)
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EXPENDITURES:

OTHER CHARGES

7920 Interest	\$173,223	\$160,928	(\$12,295)	(7.10%)
Subtotal Other Charges	\$173,223	\$160,928	(\$12,295)	(7.10%)

OTHER FINANCING USES

8625 OT - W/in Special Dist - BOS	\$6,996,831	\$0	(\$6,996,831)	(100.00%)
Subtotal Other Financing Uses	\$6,996,831	\$0	(\$6,996,831)	(100.00%)

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$273,476	\$279,464	\$5,988	2.19%
9209 Ent - Principal Clearing	(273,476)	(279,464)	(5,988)	2.19%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$7,170,054	\$160,928	(\$7,009,126)	(97.76%)
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TOTAL NET COST	\$6,723,355	(\$279,464)	(\$7,002,819)	(104.16%)
<i>(Expenditures Minus Revenues)</i>				

FY 2008-09 BUDGET **CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - SRF Loan

Character Title: Administrative Control Account

Character No.: 652410-42

4200 ENT - LTD Proceeds

This account records LTD Proceeds. For FY 08-09 this item will not be budgeted.

4209 ENT - LTD Proceeds - Clearing

This is the clearing account for sub-object 4200.

Character Title: Other Financing Sources

Character No.: 653410-46

4625 OT - W/in Special Dist - BOS

This account will be used to reflect the transfer of cash from the Operations Fund to this Loan Fund to cover the annual principal and interest payment.

Character Title: Other Charges

Character No.: 653410-75

7920 Interest

This account reflects the interest expense for the State Revolving Loan for the Tertiary Treatment Plant Upgrades. The interest rate is 2.50%. Payment begin November 2007 and will continue annually until November 2027.

Character Title: Other Financing Uses

Character No.: 653410-86

8625 OT - Within Sp Dist - BOS

No operating transfer will be budgeted in FY 08-09.

Character Title: Administrative Control

Character No.: 653410-92

9200 Ent - Principal

This account reflects the principal expense for the State Revolving Loan for the Tertiary Treatment Plant Upgrade Project.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$6,996,831
Total FY 07-08 Principal Payments:	(273,246)
FY 08-09 Principal Payment	(279,464)
Outstanding Loan Amount	<u>\$6,444,121</u>

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2008-09 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sonoma Valley - SRF Loan

Index No.: 653410

DESCRIPTION OF FUND ACTIVITY	Actual FY 06-07	Estimated FY 07-08	Requested FY 08-09
Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$0	\$0	\$0
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	-	446,699	440,392
Expenditures - (Decrease) retained earnings	-	(7,170,054)	(160,928)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	-	(6,723,355)	279,464
Adjustments to Reserves/Encumbrances:			
9200 Enterprise - Principal	-	(273,476)	(279,464)
Loan Proceeds	-	6,996,831	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	-	6,723,355	(279,464)
Undesignated/Unreserved <u>ENDING</u> Retained Earnings			
Available for Budgeting	\$0	\$0	\$0
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$0	\$0	\$0

<u>Fund Balance Components at Beginning of FY</u>	7/1/06	7/1/07
Cash	\$0	\$0
Total Beginning Fund Balance	\$0	\$0